

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Human Resources	(2) MEETING DATE 10/8/2013	(3) CONTACT/PHONE Tami Douglas-Schatz 805-781-5959	
(4) SUBJECT Submittal of a resolution approving 1) the 2013-2015 Memorandum of Understanding (MOU) with the District Attorney Investigators' Association (DAIA), Bargaining Unit 06, District Attorney Investigators' Unit and the District Attorney Investigators' Supervisory Unit; and 2) amendments to the San Luis Obispo County Employees Retirement Plan Appendices.			
(5) RECOMMENDED ACTION It is recommended that the Board adopt a resolution approving 1) the July 1, 2013 – June 30, 2015 Memorandum of Understanding (MOU) with the District Attorney Investigators' Association (DAIA), Bargaining Unit 06, District Attorney Investigators' Unit and the District Attorney Investigators' Supervisory Unit; and 2) amendments to the San Luis Obispo County Employees Retirement Plan Appendices.			
(6) FUNDING SOURCE(S) District Attorney's budget	(7) CURRENT YEAR FINANCIAL IMPACT \$14,675	(8) ANNUAL FINANCIAL IMPACT \$30,950	(9) BUDGETED? No
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input type="checkbox"/> Board Business (Time Est. ____)			
(11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A Date: _____	
(17) ADMINISTRATIVE OFFICE REVIEW Emily Jackson			
(18) SUPERVISOR DISTRICT(S) All Districts -			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Human Resources / Tami Douglas-Schatz
805-781-5959

DATE: 10/8/2013

SUBJECT: Submittal of a resolution approving 1) the 2013-2015 Memorandum of Understanding (MOU) with the District Attorney Investigators' Association (DAIA), Bargaining Unit 06, District Attorney Investigators' Unit and the District Attorney Investigators' Supervisory Unit; and 2) amendments to the San Luis Obispo County Employees Retirement Plan Appendices.

RECOMMENDATION

It is recommended that the Board adopt a resolution approving 1) the July 1, 2013 – June 30, 2015 Memorandum of Understanding (MOU) with the District Attorney Investigators' Association (DAIA), Bargaining Unit 06, District Attorney Investigators' Unit and the District Attorney Investigators' Supervisory Unit; and 2) amendments to the San Luis Obispo County Employees Retirement Plan Appendices.

DISCUSSION

The District Attorney Investigators' Association (DAIA), Bargaining Unit 06, represents a total of 14 positions in the classifications of District Attorney Investigator I, II, III, and Supervising District Attorney Investigator. Consistent with the terms of the Memorandum of Understanding (MOU), the County notified the DAIA on February 8, 2013 of its intent to meet and negotiate a successor contract that was due to expire on June 30, 2013. The parties entered into negotiations on February 14, 2013. After several sessions and negotiating in good faith, the parties were able to reach a tentative agreement for a new MOU on August 22, 2013. The details of the agreement are as follows:

Term:

- The DAIA MOU will commence on July 1, 2013 and will fully terminate on June 30, 2015.

Wage Provisions:

- There shall be no base salary increases for unit members during the term of the Agreement.

Pension Provisions:

- Any pension rate increases shall continue to be split equally between the County and employees.
 - For the term of this agreement only, unit members' fifty percent (50%) share of increases shall not exceed a total of 3%. Any increase above the aforementioned 3% shall be included in determining the employee share of pension increases in subsequent years.
- Effective the pay period that includes January 1, 2014, the pension contribution rate for DAIA employees in Bargaining Unit 06 shall increase by 0.60%. The County's appropriation rate shall also increase by 0.61%.
 - Appendix B – Safety Members Contribution Rates and Appendix B Tier 2 – Safety Members Contribution Rates reflect the new County appropriation rate and the new Tier 1 and Tier 2 member contributions rates.

- New language added describing compliance with the California Public Employees' Pension Reform Act of 2013 (PEPRA), known as Tier 3 for all County bargaining units.
 - There will be no pension rate increase effective the pay period that includes January 1, 2014 for Tier 3 members, as the pension rate increase determination was calculated in 2012 and prior to the implementation of PEPRA.
 - Any future increases in pension costs shall be split equally by the parties for Tier 1, Tier 2, and Tier 3.

County's Medical Insurance Plan, Opt Out Provisions:

The County provides employees with a monthly Cafeteria Allowance benefit to offset costs associated with health insurance premiums. Employees have the option to elect health coverage provided by the County or they may choose to waive the County's health insurance coverage ("opt out") with proof of other coverage. Participation in County sponsored dental and vision is mandatory for all employees.

The DAIA's current Cafeteria Allowance benefit is \$716.07 per month, which includes \$115 towards the California Public Employees' Retirement System (CalPERS) minimum health premium contribution. Each year, the contribution rate is determined by CalPERS and is required by the County for employees who participate in a County-sponsored health insurance plan. When an employee elects County-sponsored health insurance, the employee receives the full Cafeteria Allowance benefit for their bargaining unit (\$716.07). Those employees who opt out currently receive the Cafeteria Allowance benefit less the CalPERS minimum amount. For 2013, that amount is \$601.07 (\$716.07 less \$115). For 2014, that amount is \$597.07 (\$716.07 less \$119). After the mandatory County vision and dental premiums are deducted, the remaining amount is paid in cash to the employee ("cash out").

In 2012, Alliant Employee Benefits (Alliant), the County's insurance broker, assisted the County with a Request for Proposal (RFP) soliciting alternative health insurance programs for the County's consideration. The County received no responses. Alliant confirmed that the County's high percentage of opt out employees (currently 30% Countywide) deterred interest from competitor insurance companies. The County also conducted a comparison of fifteen (15) California employers' opt out provisions. The results reflected that San Luis Obispo County provided the highest amount of "cash out" to employees who opt out of County sponsored health coverage. In order to attract interest from competing insurance companies to provide employees with options for alternate health benefits, the County must reduce the high percentage of employees who opt out. The County's goal is to encourage County employees to elect County sponsored health coverage and eliminate the incentive to opt out that is created by the high dollar cash out amount. This will enable the County to be more competitive in the insurance market.

Currently, there are approximately 25% of employees in the DAIA bargaining unit who opt out. The DAIA have agreed to eliminate cash out for employees who newly elect to opt out of County sponsored health insurance on or after January 1, 2014. Current employees who continue to opt out will see no change to their Cafeteria Allowance¹.

Health Coverage – Cafeteria:

- For each DAIA employee who elects health coverage provided by the County, commencing the pay period following Board of Supervisors approval of the attached MOU, the County's Cafeteria Allowance shall increase by \$50 per month for a total of \$766.07 per month.
- Commencing the pay period including July 1, 2014, for each DAIA employee who elects health coverage provided by the County, the County's Cafeteria Allowance shall increase by \$50 per month for a total of \$816.07 per month.
- For DAIA employees who elect to opt out of health coverage prior to January 1, 2014, there shall be no increases to the Cafeteria benefit. The total Cafeteria benefit shall remain fixed at \$601.07 for 2013 and decrease in 2014 and 2015 based on the increase in the CalPERS monthly minimum amounts, as defined above.
- For employees who newly elect to opt out on or after January 1, 2014, there shall be no Cafeteria Allowance (cash out).

¹ Pursuant to the previous terms of the DAIA MOU and continuing with the current MOU, the Cafeteria Allowance will decrease each year due to the increase in the CalPERS minimum amount. For 2014, the CalPERS minimum amount is \$119 per month. Therefore, the current \$601.07 Cafeteria Allowance for opt out employee shall decrease to \$597.07 in 2014. The CalPERS minimum amount for 2015 is yet to be determined.

- If an employee who has opted out later elects to enroll in a County-sponsored medical plan, the employee shall receive the total County's Cafeteria Allowance that is in effect at that time.

Voluntary Employee Beneficiary Association (VEBA):

- An increase in VEBA (a post employment health plan) from \$15,000 to \$20,000. In compliance with Article 23 of the attached MOU, at the time of separation from County employment, one-half of an employee's unused sick leave balance (up to 260 days) is converted to a dollar amount based on the employee's current rate of pay. Of that amount, up to a maximum of \$20,000, will now be placed into an account for the employee's post employment health expenses that qualify under the program. Any remaining amount over \$20,000 will be paid to the employee as taxable income.

Career Incentive

- Employees in the DAIA bargaining unit currently receive a career incentive allowance for the possession of either a Peace Officer Standards and Training (POST) Intermediate Certificate (\$57.50 per month) or for the possession of a POST Advanced Certificate (currently \$115 per month). Commencing the pay period following Board of Supervisors' approval of the attached MOU, the amount of the POST Advanced Certificate incentive shall be increased to \$150 per month. This new amount is consistent with the allowance paid to those in the sworn law enforcement bargaining units and addresses an equity issue between bargaining units for possession of the same POST Advanced Certificate.

OTHER AGENCY INVOLVEMENT/IMPACT

Representatives from the Administrative Office, Auditor-Controller and the Pension Trust participated in the development of the MOU and Pension Trust contribution rate sheets. County Counsel has reviewed and approved the Resolution and MOU for legal form and effect. The Auditor's Office and Human Resources staff will process the system changes and VEBA contract amendments needed to implement these agreements.

FINANCIAL CONSIDERATIONS

Each year, an actuarial valuation is conducted by the San Luis Obispo County Pension Trust ("Trust") as a measure of the funding status of the Trust. Based on the 2012 report, it was determined that an increased rate of contribution was needed to appropriately fund the Trust. This rate increase will be effective the pay period that includes January 1, 2014. Based on this implementation date, the total rate increase for all DAIA employees ("safety members") is 1.21%. As agreed to in the DAIA MOU, attached hereto as Attachment A, the DAIA employees and the County will equally split the pension rate increase. By splitting the 1.21% pension rate increase (half of which is approximately 0.60%), the County's annual ongoing costs shall increase by approximately \$9,150. For FY2013-14, total County costs will increase by approximately \$4,575 for the time period of January, 2014 through June, 2014.

DAIA employees shall receive a Cafeteria Allowance increase of \$50 per month per employee commencing the pay period following Board of Supervisors approval of the attached MOU. This results in annual ongoing County costs of \$8,400. For FY2013-14, total County costs will increase by approximately \$6,300 for the time period of October, 2013 (implementation date) through June 30, 2014. Additionally, commencing the pay period including July 1, 2014, the DAIA's Cafeteria Allowance shall increase by another \$50 per month for each employee, resulting in an additional increase of \$8,400 in annual ongoing County costs. For the two Cafeteria Allowance increases, total ongoing County costs shall increase by approximately \$16,800 (equates to approximately 0.71% of total DAIA payroll costs).

The addition of \$35 per month for the career incentive POST Advanced Certificate results in an increase to the County's annual ongoing costs by approximately \$5,000 based on the current twelve (12) employees who qualify for the incentive (equates to approximately 0.21% of total DAIA payroll costs). For FY2013-14, total County costs will increase by approximately \$3,800 for the time period of October, 2013 (implementation date) through June, 2014.

Per the Board's policy, the District Attorney's Office budget will bear the costs associated with the County's 0.61% pension rate increase as well as the additional cost of the Cafeteria Allowance increases and POST career incentive pay, totaling approximately \$14,675 in the current year, and \$30,950 in annual ongoing County costs. There shall be no

County costs associated with the increase to VEBA, as the program is fully funded by an individual employee's accrued sick leave balance at the time of separation from County employment.

RESULTS

Approval of this Resolution will establish a new two (2) year MOU effective July 1, 2013 through June 30, 2015. The terms and conditions outlined in the MOU are consistent with the Board's direction to stabilize the County's overall budget and share in pension rate increases. Approval of the MOU helps to defray the DAIA's employee health costs which have continued to rise since 2006, a cost of which has been fully borne by employees since 2008. The new MOU provisions also contribute to a results-oriented, well-governed community.

ATTACHMENTS

1. Resolution - DAIA
2. Appendix B - Safety Rates
3. Appendix B Tier 2 - Safety Rates
4. Attachment A - DAIA MOU